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10/678,326

10/03/2003

Alden J. Blowers

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EXAMINER
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SHUMATE, PAUL W

ART UNIT	PAPER NUMBER
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3693

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PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

## Office Action Summary

Application No.

10/678,326

Applicant(s)

BLOWERS, ALDEN J.

Examiner

Paul Shumate

Art Unit

3694

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 03 October 2003.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-22 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-22 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 03 October 2003 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- ☒ Notice of References Cited (PTO-892)
- ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- ☒ Information Disclosure Statement(s) (PTO/SB/08)  
Paper No(s)/Mail Date 12 January 2004.
- ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date: \_\_\_\_\_.
- ☐ Notice of Informal Patent Application
- ☐ Other: \_\_\_\_\_.

## DETAILED ACTION

### *Status of Claims*

1. This action is in reply to the Application filed on 10/03/2003. Claims 1-22 are currently pending.

### *Claim Rejections - 35 USC § 102*

2. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for a patent.

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

3. Claim(s) 1-4, 7-12, and 15-22 rejected under 35 U.S.C. 102(b) as being anticipated by Gates et al, U.S. Patent No.: 6,411,938.

As per claim 1, Gates teaches:

- receiving at least one ACH transaction from a one of a payroll vendor and a client; (see at least column 9 lines 10-16, column 10 lines 47-49, and column 11 lines 20-26) Gates teaches receiving a *payroll* from a client which can include *direct deposits* and *tax payments*, both of which can be ACH transactions.
- verifying the at least one ACH transaction; (see at least column 9 lines 13-44) Gates teaches performing a *validity test on the received data*.

- executing the at least one ACH transaction; (see at least column 10 lines 47-61 and column 11 lines 33-39) Gates teaches creating an appropriate ACH batch file and transmitting this file via the ACH network to one or more receiving depository financial institutions.
- limiting financial risk. (see at least column 9 lines 45-61 and column 11 lines 33-49) Gates teaches establishing an exposure limit for each employer (client) when making tax payments and direct deposits on behalf the client. If a limit is exceeded, then no direct deposits from the current payroll will be paid by the service provider and either a rejection notice will be delivered to the client or payment for the direct deposits will be made directly from the client's own bank account. This limits the service provider's risk when making payments, and therefore assuming liability, on behalf of a client.

As per claim 2, Gates further teaches:

- wherein limiting financial risk includes requiring a direct debit procedure. (see at least column 11 lines 46-48)

As per claim 3, Gates further teaches:

- wherein the at least one ACH transaction is received in a single batch from the client. (see at least column 9 lines 10-24, column 9 lines 31-34, and column 10 lines 47-53) Gates teaches receiving payroll data (which may include direct deposit or tax payment transaction data) from a client in a single payroll file which is parsed by the receiver into its individual components. This single payroll file constitutes the *single batch*.

As per claim 4, Gates further teaches:

- forecasting available funds for an account (see at least column 9 lines 45-48)

Gates teaches in at least column 9 lines 45-58 "an exposure limit established by the payroll service to limit financial exposure when making tax payments and direct deposits on behalf of a client." An exposure limit, by definition, is the maximum amount an originator is

allowed to originate which can be based on the originator's credit rating, historical or predicted funding requirements, and the type of obligation. As Gates teaches establishing an exposure limit for each client, it would be inherent that the service provider must forecast expected funds a client will have available in their account and the client's ability to repay debt accrued as the service provider makes tax payments and direct deposits on their behalf.

As per claim 7, Gates further teaches:

- accumulating tax payment data for off site back up. (see at least column 6 lines 61-67, column 10 lines 43-46, and column 12 lines 35-40) Gates teaches storing year-to-date and quarter-to-date tax and wage totals, then teaches archiving quarterly and annual figures of wages and taxes for later use, and further teaches transmitting updated state and federal tax tables from the service provider computer to the clients' computers to be stored for use by the clients' computers' software. Gates also teaches that the payroll computer system is to be owned and operated by a completely separate business (service provider) than the employer (client) which operates the client computer. Therefore saving a copy of updated tax table data on a client's computer, which was sent from the service provider's computer, teaches off site backup of tax payment data. However, it is also old and well known to back up important information in off site locations because this significantly reduces the chance of losing data due to computer, system, or network failure.

As per claim 8, Gates further teaches:

- wherein the verification of the at least one ACH transaction includes comparing year to date transaction data. (see at least column 9 lines 13-24) Gates teaches ensuring the received payroll is up to date and properly reflects all previous payroll transactions. To ensure that all previous payroll transactions are properly reflected in the current payroll data, year to date data from previous payrolls would have to be compared to the year to date data of the current payroll.

Regarding the following limitation of claim 9:

- assuming by a service provider of liability for non sufficient fund returned items on behalf of the payroll vendor.

In Gates' disclosure the service provider *is* a payroll vendor. Therefore the limitation with respect to the teaching of Gates would read:

- assuming by a payroll vendor of liability for non sufficient fund returned items on behalf of the payroll vendor.

Assuming liability for one's own transactions is an inherent responsibility of participating in financial transactions. However, the examiner interprets the limitation of claim 9, with respect to the applicant's disclosure, to read:

- assuming by a service provider of liability for non sufficient fund returned items on behalf of the *client*.

Gates, in at least column 11 lines 33-39, teaches making appropriate ACH transactions on behalf of a client using the service provider's bank account and then initiating a funds collection process where transaction reimbursement funds are collected from the client.

As per claim 10, Gates further teaches:

- notifying the client regarding one of negative and positive tax balances. (see at least column 11 lines 49-58) Gates teaches sending 940 tax forms to the IRS for each client and sending a duplicate copy to each client. The 940 tax form includes a line for "Balance Due" amount and a line for "Overpayment" amount. Therefore, by sending to a client a duplicate copy of the client's own 940 tax form

As per claim 11, Gates further teaches:

- testing files for one of an additional client and missing client. (see at least column 9 lines 25-29) Gates teaches verifying a client's PIN and ID against a stored list to determine if the transmitted data is from a currently registered client. If the client is not found in the stored list (the client is missing from the list), then a message is sent back to the employer submitting the data.

As per claim 12, Gates further teaches:

- verifying one of an additional employee and an additional bank account. (see at least column 7 lines 11-18, column 9 lines 13-24, and column 12 lines 62-65)

Gates teaches submitting to the payroll service provider personal information for each employee (see at least column 12 lines 62-65), which is used in processing payroll transactions, and allowing the employer to edit and update this data when necessary, such as when an employee is hired or released (see at least column 7 lines 11-18). The payroll service provider performs a validity test on payroll data received from a client to make sure it is accurate and that it properly reflects previously submitted payroll data. (see at least column 9 lines 13-24). Therefore, employee data present in past payrolls, but not properly reflected in the current payroll (missing employee or client data), can cause the payroll validity test to fail. New data (additional employee or client data) which does not correspond properly to previous payrolls can cause the validity test to fail as well. A new employee (and a new bank account if the employee chose to be paid via direct deposit) would be verified by the payroll service provider by comparing the new employee data to the stored data previously entered and updated by the employer.

As per claim 15, Gates further teaches:

- contracting directly with the client by a service provider. (see at least column 1 lines 16-18)

As per claim 16, Gates further teaches:

- allowing the client to use a federal reserve bank account number of a service provider. (see at least column 10 lines 1-24 and column 11 lines 27-62)

Gates teaches conducting ACH transactions and transfers from the service provider's bank account to the appropriate Federal Reserve accounts on behalf of the client. Therefore, the service provider is enabling their clients to conduct ACH transactions using the service provider's account.

As per claim 17, Gates further teaches:

- testing files for duplicate client batches for a payroll check date. (see at least column 9 lines 13-24) Gates teaches validating received payroll data and that any conventional synchronization protocol may be used in the process. Duplicate transaction data would cause the received payroll to fail the validity test and the payroll would be returned to the employer for correction.

As per claim 18, Gates further teaches:

- separating a set of charges between the payroll vendor and the client. (see at least column 2 lines 4-5 and column 4 lines 17-18)

Gates teaches charging the client a calculated fee for preparing the payroll. This fee is charged only to the client and not to anyone else. Therefore this fee would have to be separated from any fees charged to anyone other than the specific client being billed for the service. It is also an intrinsic characteristic of charging for services that fees are billed specifically to the client that requested the service to be performed, so separating charges between different clients would be inherent.

As per claim 19, Gates further teaches:

- wherein all ACH transactions are received in a single file per client from the vendor and a single debit is generated. (see at least column 9 lines 62-67 and column 10 lines 1-24)

As per claim 20, Gates teaches:

- receiving a file containing ACH related data; (see at least column 9 lines 10-16, column 10 lines 47-49, column 11 lines 20-26, and the rejection for claim 1 as shown above)
- checking the ACH related data for erroneous data; (see at least column 9 lines 13-44 and the rejection for claim 1 as shown above)
- determining a risk management scheme for the ACH related data; (see at least column 9 lines 45-61 and the rejection for claim 1 as shown above)



- processing the ACH related data according to the risk management scheme. (see at least column 9 lines 45-61 and the rejection for claim 1 as shown above)

As per claim 21, Gates further teaches:

- verifying the ACH related data against prior transaction history data. (see at least column 9 lines 13-38)

As per claim 22, Gates further teaches:

- checking the ACH related data for one of an additional client and a missing client. (see at least column 9 lines 25-29 and the rejections for claims 11 and 12 as shown above)

***Claim Rejections - 35 USC § 103***

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

5. Claim(s) 5 and 6 rejected under 35 U.S.C. 103(a) as being unpatentable over Gates et al. in view of Crapo, U.S. Patent No.: 5,987,433 further in view of Starr, U.S. Patent No.: 6,606,606.

As per claim 5, Gates teaches the method of claim 1 as shown above, but does not teach:

- establishing predetermined types of investment objectives

Crapo, however, teaches a "method and system for developing a time horizon based financial model for investing towards attaining at least one financial objective (see at least column 2 lines 14-16 of Crapo)" and "an individual or couple using the system inputs information such as facts, assumptions, and financial objectives into the computer (see at least column 3 lines 10-12 of Crapo)." Therefore, it would have been obvious to one of ordinary skill in the art to incorporate the teachings of Gates and Crapo to create a system and method of processing ACH transactions,

such as payroll direct deposits and tax payments, that also incorporates financial objective based investing on behalf of a client because a system and method that "integrates financial service providers [or their services], such as a payroll service provider, a retirement plan service provider, a healthcare service provider or another type of service provider (see at least column 2 lines 58-61 of Starr)" would help businesses maintain and manage their complicated financial accounts (see at least column 1 lines 63-65 of Starr) and would also allow businesses or service providers to earn extra money from funds currently set aside for upcoming payroll transactions that could be temporarily invested.

As per claim 6, Crapo further teaches:

- investing available funds based on forecasted availability (see at least the last limitation of claim 11 of Crapo)

6. Claim(s) 13 and 14 rejected under 35 U.S.C. 103(a) as being unpatentable over Gates et al. in view of Office Notice.

As per claim 13, Gates teaches the method of claim 1 as shown above and further teaches receiving provisional funds from a client, dividing the funds into direct deposit, tax, and fee accounts, then making appropriate direct deposits and tax payments on behalf of the client using the provisional funds (see at least column 10 lines 17-24 of Gates). While the direct deposit and tax accounts taught by Gates could be considered trust accounts, Gates does not specifically disclose:

- placing available funds in a trust management system

The examiner takes Official Notice for this limitation. It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Gates to explicitly incorporate placing available funds in a trust management system because when a service provider makes administrative financial decisions and transactions on behalf of a client, using the client's money, US Government generally requires that a service provider must maintain and deposit in a special account, separate and apart from his personal or other business accounts, all moneys belonging to others entrusted to him while acting on their behalf.

As per claim 14, Gates teaches the method of claim 1 as shown above and further teaches:

- using an accounting system in processing transactions. (see at least column 1 lines 11-14 of Gates)

However, Gates does not explicitly teach:

- using a *double entry* accounting system in processing transactions


The examiner takes Official Notice for this limitation. It would have been obvious to one of ordinary skill in the art at the time the invention was made to incorporate a double entry accounting system in the teachings of Gates because double accounting entry systems have been around for hundreds of years and also because recording accounts in two places helps to ensure accuracy and consistency in accounting for financial transactions.

7. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Paul Shumate whose telephone number is 571-270-1830. The examiner can normally be reached on M-F 8:30 AM - 6:00 PM, EST alt Fridays off.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on 571-272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

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